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FISCAL IMPACT STATEMENT

LS 7680

BILL NUMBER: HB 1648

NOTE PREPARED: Jan 15, 2007

BILL AMENDED:

SUBJECT: Refund of Sales Taxes.

FIRST AUTHOR: Rep. Porter

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: ☒ GENERAL
☒ DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: This bill provides that a retail merchant may assign a bad debt deduction from the State Gross Retail Tax.

Effective Date: January 1, 2007 (retroactive); July 1, 2007.

Explanation of State Expenditures: This bill will increase the administrative costs of the Department of State Revenue (DOR). The DOR will have to amend the Sales Tax forms, as well as update computer software. It is estimated that the provisions of this bill can be implemented within the existing level of resources available to the DOR.

Explanation of State Revenues: This bill will result in an indeterminable decrease Sales Tax collections. The bill allows any retail merchant that has a bad debt deduction from the Sales Tax, to assign that deduction to anyone. Under current law, these deductions are only assignable by a retail merchant to member s of an affiliated group (as defined in IC 6-2.5-6-9).

The impact of this provision will ultimately depend upon the number of merchants who have a bad debt deduction from the Sales Tax and could not use the full amount of the deduction. Under this bill, the unused portion of the deduction could be assigned. Please note that the applies this assignability provision to any transaction occurring after June 30, 2004.

Sales Tax revenue is deposited in the: Property Tax Replacement Fund (50%), the state General Fund (49.192%), the Public Mass Transportation Fund (0.635%), the Commuter Rail Service Fund (0.14%), and the Industrial Rail Service Fund (0.033%).

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Department of State Revenue.

Local Agencies Affected:

Information Sources:

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